



STATE OF WEST VIRGINIA  
OFFICE OF THE ATTORNEY GENERAL  
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CONSUMER PROTECTION DIVISION  
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# Press Release

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## **ATTORNEY GENERAL DARRELL MCGRAW REACHES SETTLEMENT WITH ANOTHER OHIO PAYDAY LENDER TO STOP ABUSE OF WEST VIRGINIA CONSUMERS**

Attorney General Darrell McGraw announced today that his office has reached a settlement with National Payroll Advance, a payday lender based in Cambridge, Ohio. The agreement secured by Attorney General McGraw's office requires National Payroll Advance to forgive more than \$11,000 owed by 36 West Virginia consumers who defaulted on Apayday loans@ and to pay \$2,500 in consumer restitution.

The investigation was prompted by a complaint that the company threatens consumers who default on loans with criminal prosecution, a practice which is strictly prohibited in West Virginia. The company conveyed this message by stamping the words "We Prosecute Bad Check Writers@ in red ink in multiple places on past due notices sent to West Virginia consumers. The company accused some consumers who failed to pay of Adishonesty@ or Aindecency,@ a practice which is also prohibited in West Virginia.

Although very few payday lenders presently operate in West Virginia, many West Virginia consumers cross the border into Ohio to get payday loans. National Payroll Advance operated six offices, two of which were located close to the West Virginia border in St. Clairsville and Marietta, Ohio.

Payday lending is the practice of making high interest (often 300% to 400% APR) loans to consumers from payday to payday. Payday lenders usually require consumers to furnish a postdated personal check for the amount of the loan plus an additional fee. The check is cashed 14 days later, unless the consumers pay an additional fee to Aroll over@ the check for another 14 days.

Cash-strapped consumers unable to cover the initial check often end up rolling over the check repeatedly, going deeper in the hole each time. Consumers also face the constant fear of dire consequences if their checks bounce.

Attorney General McGraw cautions consumers, ABorrowing money from >payday lenders= is a very expensive way to borrow small amounts of money. The benefit of getting quick cash without credit checks is far outweighed by the excessive fees added on each payday if you are unable to repay the initial loan. My office recommends that you stay away from payday lenders no matter how desperate your financial circumstances may be.@

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hotline, 1-800-368-8808

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